

MONTANA LEGISLATIVE HISTORY

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Chapter 665 19 1989

Bill H _____ S 285 Original bill & history ✓c

H. Committee on Labor

S. Committee on Labor

Hearing Date(s) _____ c

Hearing Date(s) 2/7 ✓c

_____ c

2/10 ✓c

_____ c

2/11 ✓c

3/14 ✓c

- _____ c

Date Out 3/15 ✓c

Did this bill originate in an interim committee? _____ Yes X No

Committee _____

Report _____

SENATE BILL NO. 285
INTRODUCED BY HALLIGAN

IN THE SENATE

JANUARY 30, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.
	FIRST READING.
FEBRUARY 13, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 14, 1989	PRINTING REPORT.
FEBRUARY 15, 1989	SECOND READING, DO PASS.
FEBRUARY 16, 1989	ENGROSSING REPORT.
FEBRUARY 17, 1989	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 17, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.
FEBRUARY 20, 1989	FIRST READING.
MARCH 15, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 27, 1989	SECOND READING, CONCURRED IN.
MARCH 29, 1989	THIRD READING, CONCURRED IN. AYES, 97; NOES, 0.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 1, 1989	RECEIVED FROM HOUSE.
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SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 4, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

APRIL 7, 1989

REPORTED CORRECTLY ENROLLED.

APRIL 8, 1989

SIGNED BY PRESIDENT.

IN THE HOUSE

APRIL 8, 1989

SIGNED BY SPEAKER.

IN THE SENATE

APRIL 10, 1989

DELIVERED TO GOVERNOR.

APRIL 17, 1989

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

APRIL 18, 1989

SECOND READING, GOVERNOR'S AMEND-
MENTS CONCURRED IN.

APRIL 19, 1989

THIRD READING, GOVERNOR'S AMENDMENTS
CONCURRED IN.

IN THE HOUSE

APRIL 21, 1989

SECOND READING, GOVERNOR'S AMENDMENTS
CONCURRED IN.

THIRD READING, GOVERNOR'S AMENDMENTS
CONCURRED IN.

IN THE SENATE

APRIL 24, 1989

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *285*
 2 INTRODUCED BY *Halligan*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC
 5 CORPORATIONS OTHER THAN STATE AGENCIES TO ESTABLISH,
 6 SEPARATELY OR JOINTLY, A WORKERS' COMPENSATION
 7 SELF-INSURANCE FUND THROUGH THE ISSUANCE AND SALE OF BONDS
 8 AND NOTES; AMENDING SECTION 39-71-403, MCA; AND PROVIDING AN
 9 IMMEDIATE EFFECTIVE DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 39-71-403, MCA, is amended to read:

13 **"39-71-403. Plan three exclusive for state agencies --**
 14 **election of plan by other public corporations -- financing**
 15 **of self-insurance fund. (1) Where If** a state agency is the
 16 employer, the terms, conditions, and provisions of
 17 compensation plan No. 3 ~~shall be~~ are exclusive, compulsory,
 18 and obligatory upon both employer and employee. Any sums
 19 necessary to be paid under the provisions of this chapter by
 20 any state agency ~~shall must~~ be considered to be ordinary and
 21 necessary expense of the agency. ~~and the~~ The agency shall
 22 make appropriation of and pay ~~such the~~ sums into the state
 23 compensation insurance fund at the time and in the manner
 24 provided for in this chapter, notwithstanding that the state
 25 agency may have failed to anticipate ~~such the~~ ordinary and

1 necessary expense in any budget, estimate of expenses,
 2 appropriations, ordinances, or otherwise.

3 (2) A public corporation, other than a state agency,
 4 may elect coverage under compensation plan No. 1, ~~employer;~~
 5 plan No. 2, ~~insurer;~~ or plan No. 3, ~~state--insurance--fund;~~
 6 separately or jointly with any other public corporation,
 7 other than a state agency. A public corporation electing
 8 compensation plan No. 1 may purchase reinsurance or issue
 9 bonds or notes pursuant to subsection (3)(b). A public
 10 corporation electing compensation plan No. 1 is subject to
 11 the same provisions as a private employer electing
 12 compensation plan No. 1.

13 (3) (a) A public corporation, other than a state
 14 agency, that elects plan No. 1 may establish a fund
 15 sufficient to pay the compensation and benefits provided for
 16 in this chapter and chapter 72 and to discharge all
 17 liabilities that reasonably incur during the fiscal year for
 18 which the election is effective. Proceeds from the fund must
 19 be used only to pay claims covered by this chapter and
 20 chapter 72 and for actual and necessary expenses required
 21 for the efficient administration of the fund, including debt
 22 service on any bonds and notes issued pursuant to subsection
 23 (3)(b).

24 (b) (i) A public corporation, other than a state
 25 agency, separately or jointly with another public

corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of establishing, in whole or in part, the self-insurance workers' compensation fund provided for in subsection (3)(a) and to pay the costs associated with the sale and issuance of the bonds. Bonds and notes may be issued in an amount not exceeding 3% of the taxable valuation of the public corporation as of the date of issue. The bonds and notes must be authorized by resolution of the governing body of the public corporation and are payable from an annual property tax levied in the amount necessary to pay principal and interest on the bonds or notes. This authority to levy an annual property tax exists despite any provision of law or maximum levy limitation to the contrary. The revenues derived from the sale of the bonds and notes may not be used for any other purpose.

(ii) The bonds and notes:

(A) may be sold at public or private sale;

(B) do not constitute debt within the meaning of any statutory debt limitation; and

(C) may contain other terms and provisions as the governing body determines.

(iii) Two or more public corporations, other than state agencies, may agree to exercise their respective borrowing powers jointly under this subsection (3)(b) or may authorize

a joint board to exercise the powers on their behalf.

(iv) The fund established from the proceeds of bonds and notes issued and sold under this subsection (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate excess insurance, or any other form of additional security necessary to demonstrate the public corporation's ability to discharge all liabilities as provided in subsection (3)(a). Subject to the 3% of taxable valuation limitation in (3)(b)(i), a public corporation may issue bonds and notes to establish a fund sufficient to discharge liabilities for periods greater than 1 year.

(4) All money in the fund established under subsection (3)(a) not needed to meet immediate expenditures must be invested by the governing body of the public corporation or the joint board created by two or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment shall must be credited to the fund."

NEW SECTION. Section 2. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

GOVERNOR'S AMENDMENT
TO SENATE BILL NO. 285
(REFERENCE COPY)
April 15, 1989

Page 2, lines 11 and 12.

Following: "corporation electing compensation plan No. 1"

Strike: "OTHER THAN A CORPORATION ISSUING BONDS OR NOTES
PURSUANT TO SUBSECTION (3)(B),"

-END-

SB 285

SENATE BILL NO. 285

INTRODUCED BY HALLIGAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC CORPORATIONS OTHER THAN STATE AGENCIES TO ESTABLISH, SEPARATELY OR JOINTLY, A WORKERS' COMPENSATION SELF-INSURANCE FUND THROUGH THE ISSUANCE AND SALE OF BONDS AND NOTES; ~~AND~~ AMENDING SECTION 39-71-403, MCA, ~~AND~~ PROVIDING--AN--IMMEDIATE--EFFECTIVE--DATE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 39-71-403, MCA, is amended to read:

"39-71-403. Plan three exclusive for state agencies -- election of plan by other public corporations -- financing of self-insurance fund. (1) Where ~~If~~ a state agency is the employer, the terms, conditions, and provisions of compensation plan No. 3 ~~shall be~~ are exclusive, compulsory, and obligatory upon both employer and employee. Any sums necessary to be paid under the provisions of this chapter by any state agency ~~shall must~~ be considered to be ordinary and necessary expense of the agency, ~~and the~~ The agency shall make appropriation of and pay such the sums into the state compensation insurance fund at the time and in the manner provided for in this chapter, notwithstanding that the state

agency may have failed to anticipate ~~such the~~ ordinary and necessary expense in any budget, estimate of expenses, appropriations, ordinances, or otherwise.

(2) A public corporation, other than a state agency, may elect coverage under compensation plan No. 1, employer; plan No. 2, insurer; or plan No. 3, ~~state--insurance--fund;~~ separately or jointly with any other public corporation; other than a state agency. A public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds or notes pursuant to subsection (3)(b). A public corporation electing compensation plan No. 1 ~~OTHER THAN A CORPORATION ISSUING BONDS OR NOTES--PURSUANT--TO--SUBSECTION (3)(B);~~ is subject to the same provisions as a private employer electing compensation plan No. 1.

(3) (a) A public corporation, other than a state agency, that elects plan No. 1 may establish a fund sufficient to pay the compensation and benefits provided for in this chapter and chapter 72 and to discharge all liabilities that reasonably incur during the fiscal year for which the election is effective. Proceeds from the fund must be used only to pay claims covered by this chapter and chapter 72 and for actual and necessary expenses required for the efficient administration of the fund, including debt service on any bonds and notes issued pursuant to subsection (3)(b).

(b) (i) A public corporation, other than a state agency, separately or jointly with another public corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of establishing, in whole or in part, the self-insurance workers' compensation fund provided for in subsection (3)(a) and to pay the costs associated with the sale and issuance of the bonds. Bonds and notes may be issued in an amount not exceeding 3% of the taxable valuation of the public corporation as of the date of issue. The bonds and notes must be authorized by resolution of the governing body of the public corporation and are payable from an annual property tax levied in the amount necessary to pay principal and interest on the bonds or notes. This authority to levy an annual property tax exists despite any provision of law or maximum levy limitation to the contrary. The revenues derived from the sale of the bonds and notes may not be used for any other purpose.

(ii) The bonds and notes:

(A) may be sold at public or private sale;

(B) do not constitute debt within the meaning of any statutory debt limitation; and

(C) may contain other terms and provisions as the governing body determines.

(iii) Two or more public corporations, other than state

agencies, may agree to exercise their respective borrowing powers jointly under this subsection (3)(b) or may authorize a joint board to exercise the powers on their behalf.

(iv) The fund established from the proceeds of bonds and notes issued and sold under this subsection (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate excess insurance, or any other form of additional security necessary to demonstrate the public corporation's ability to discharge all liabilities as provided in subsection (3)(a). Subject to the 3% of taxable valuation limitation in (3)(b)(i), a public corporation may issue bonds and notes to establish a fund sufficient to discharge liabilities for periods greater than 1 year.

(4) All money in the fund established under subsection (3)(a) not needed to meet immediate expenditures must be invested by the governing body of the public corporation or the joint board created by two or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment shall must be credited to the fund."

NEW SECTION. Section 2. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. -- Section 3. -- Effective date. [This act] is

1 ~~effective-on-passage-and-approval~~

2 NEW SECTION. SECTION 3. EFFECTIVE DATE. [THIS ACT] IS

3 EFFECTIVE ON PASSAGE AND APPROVAL.

-End-

MONTH FebruarySENATE
1989 COMMITTEE MINUTESCOMMITTEE LABORSECRETARY MARY FLORENCE ERVING

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	SB 276 2 HB 21 HB 99 SB 70	3	SB 101 4 SB 128 SB 234 SB 129 SB 276 SB 130 SB 163 HB 21 SB 218 HB 99
5	6	SB 285 7 SB 152 SB 309 SB 218 SB 234	8	SB 343 9 SB 235 SB 315 SB 311 SB 285	SB 128 10 SB 130 SB 315 SB 129 SB 311 SB 285 SB 343 SB 309	11
12	13	SB 163 14 SB 372 SB 278 SB 235 SB 348 SB 128 SB 384 SB 152 SB 100 SB 311	15	SB 415 16 SB 420 SB 421 SB 375 SB 405	SB 444 17 SB 420 SB 421 SB 415 SB 315 SB 375 SB 405	18
19	20	21	22	23	24	25
26	27	HB 243 28 HB 155 HB 154				

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR AND EMPLOYMENT RELATIONS

Call to Order: By Chairman, on Gary C. Aklestad, 1989,
at 1:00 P.M. on February 7, 1989, in room 415 at the
state Capitol

ROLL CALL

Members Present: All members were present. Senator Tom Keating, Vice Chairman, Senator Sam Hofman, Senator Dennis Nathe, Senator Richard Manning, Senator J. D. Lynch, Senator Chet Blaylock, Senator Jerry Devlin, Senator Bob Pipinich, and Senator Gary C. Aklestad, Chairman.

Members Excused: No members were excused.

Members Absent: No members were absent.

Staff Present: Tom Gomez, Legislative Council Analyst.

Announcements/Discussion: There were no announcements or discussion.

HEARING ON SENATE BILL 285

Presentation and Opening Statement by Sponsor:

Senator Michael Halligan, Senate District No. 29, chief sponsor of the bill, stated SB 285 is an act to allow public corporations, other than state agencies to establish, separately or jointly, a workers' compensation self-insurance fund through the issuance and sale of bonds and notes; amending section 39-71-403, MCA; and providing an immediate effective date. Halligan explained there are three exclusives for state agencies--election of plan by other public corporations--financing of self-insurance fund. (1) If a state agency is the employer, the terms, conditions, and provisions of compensation plan No. 3 are exclusive, compulsory, and obligatory upon both employer and employee. Any sums necessary to be paid under the provisions of this chapter by an state agency must be considered to be ordinary and necessary expense of the agency. The agency shall make appropriation of and pay the sums into the state compensation insurance fund at the time and in the manner provided for in the chapter,

notwithstanding the state agency may have failed to anticipate the ordinary and necessary expense in any budget, estimate of expense in any budget, estimate of expenses, appropriations, ordinances or otherwise. (2) Public corporation, other than a state agency may elect coverage under compensation plan No. 1, plan No. 2, or plan No. 3., separately or jointly with any other public corporation, other than a state agency. A public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds or notes pursuant to subsection (3) (b). A public corporation electing compensation plan No. 1 is subject to the same provisions as a private employer electing compensation plan No. 1. Senator Halligan further explained the details of the bill.

List of Testifying Proponents and What Group they Represent:

Dave Fuller, representing MACO.

Testimony:

Dave Fuller, Chairman, MACO, stated the association endorses the bill.

Norm Grosfield, Montana Association of Counties, stated we want to keep the money in the state. It is pertinent to property and casualty options. The funds would be utilized to pay bond proceeds and would be a substitute fund. The funds would also reduce Workers' Compensation for the County. We think we could do it, but the Bond Council advises Legislation should provide for rating on bonds in statute. It would protect the authority in the future. We want to extend the Workers Compensation Causality entity.

Don Judge, Montana AFL-CIO, stated the organization supports the legislation. It is a good vehicle to keep money flowing through Montana's economy. Mr. Judge recommended a favorable consideration.

Mike Sherwood, Montana Trial Lawyers Association, stated support of SB 285.

Stan Kaleczyc, Montana Municipal Insurance Authority, stated the authority funds through bond insurance. It is an additional vehicle to maintain the solvency of the state.

Bill Palmer, Workers' Compensation Interim Director, Department of Labor and Industry, stated the Department supports the legislation.

List of Testifying Opponents and The Group They Represent:

ROLL CALL

LABOR COMMITTEE

51st LEGISLATIVE SESSION

DATE: *February 7, 1989*

	PRESENT	ABSENT	EXCUSED
SENATOR TOM KEATING	X		
SENATOR SAM HOFMAN	X		
SENATOR J.D. LYNCH	X		
SENATOR GERRY DEVLIN	X		
SENATOR BOB PIPINICH	X		
SENATOR DENNIS NATHE	X		
SENATOR RICHARD MANNING	X		
SENATOR CHET BLAYLOCK	X		
SENATOR GARY AKLESTAD	X		

new Demonstration Program, that the change policy and work policy would apply to those persons who, in the preceding month were eligible for AFDC, who wanted to work, and still retain edibility. The budget analysis people did not see the phrase "in the preceding month", and thought it would expand AFDC for all poor working individuals. The result is the incorrect \$11 million fiscal note. The governor's budget office expressed an apology concerning the error caused by new law misunderstanding.

Senator Aklestad asked for a roll call vote. Senators Keating, Hofman, Lynch, Pipinich, Nathe Manning Blaylock voted YES, and Senator ~~Pipinich~~ ^{Devlin} and Aklestad voted NO.

DISPOSITION OF SENATE BILL 129

Discussion:

Senator Blaylock asked what was the reason why the committee made a DO NOT PASS RECOMMENDATION on SB 129.

Senator Keating stated he voted against SB 129 after evaluating testimony and subsequent investigation. The bill deals with more education. The state would pay GA for an individual to go back to school, plus school costs. I am opposed to the concept. The state would be paying for the individual to go back to school, an opportunity the individual did not take advantage of when the individual was in school before, and at the same time paying GA benefits.

DISPOSITION OF SENATE BILL 285

Discussion:

Senator Aklestad asked if the sponsor agreed with the amendment taking out the effective date language. Yes. Tom Gomez stated he had pointed out the technical and mechanical defect. The bill could be corrected with new language, but Senator Halligan has not be notified. The amendment reads as follows: On line ten, following the word "number one" insert "other than a corporation issuing bonds or notes pursuant to section 3-C, so the whole sentence beginning on line nine reads: "a public corporation electing compensation plan number 1, other than a corporation issuing bonds or notes pursuant to sub section 3-B is subject to the same provisions as a private employer electing compensation plan number 1." This is necessary because the fiscal note indicates the defect. The bill's purpose is to bar public corporations and to do something else under plan number 1, other than employers electing compensation Plan number 1. The bill is without a clear indication of an exception. The last sentence would say: the public corporation election

competition plan number 1 is subject to the same provisions as a private employer electing compensation plan number 1. This is not the purpose of the bill.

Amendments and Votes:

Senator Lynch moved to amend SB 285. The motion carried.

Recommendation and Vote:

Senator Lynch moved a DO PASS AS AMENDED recommendation for SB 285. The vote was unanimous.

DISPOSITION OF SENATE BILL 309

Discussion:

Senator Hofman stated the amendment, submitted by Mr. Fitzpatrick, addresses collective bargaining concerns.

Tom Gomez explained, beginning on page one, line 20, the strike out after the word except: the ":", and strike out all new language of subsection A. A new sections is created that says: "A workday is eight hours, except as provided in the instance of an emergency or the employer or employee may agree to a work day of more than eight hours if such work day is established pursuant to a collective bargaining agreement with the consent of a majority of the employees by secret ballot elections supervised by the Department of Labor and Industries. On page four, concerning maximum work hours for a cement plant and quarries, strike out the materials following on line six, everything down to line seven, and put in new language to read: That the employer and the employee may agree to a work day of more than eight hours if the work day is established pursuant to a collective bargaining agreement, with the consent of the employer by secret ballot election supervised by the Department of Labor and Industry. Now, the collective bargaining agreement is addressed.

Senator Pipinich asked why the businesses did not get together and change the hours. Other plants are doing this. Example: A 125 people-plant in Kalispell is working a 4-10 day. Senator Hofman stated the current law clearly states the businesses may not work over eight hours a day. The law does not allow any time over the eight hours per day. Senator Pipinich asked why Montana has two business working more than the eight hours per day. Senator Hofman stated the business are either not involved in mining, or they are

ROLL CALL

LABOR COMMITTEE

51st LEGISLATIVE SESSION

DATE: *February 10, 1989*

	PRESENT	ABSENT	EXCUSED
SENATOR TOM KEATING	✓		
SENATOR SAM HOFMAN	✓		
SENATOR J.D. LYNCH	✓		
SENATOR GERRY DEVLIN	✓		
SENATOR BOB PIPINICH	✓		
SENATOR DENNIS NATHE	✓		
SENATOR RICHARD MANNING	✓		
SENATOR CHET BLAYLOCK	✓		
SENATOR GARY AKLESTAD	✓		

SENATE STANDING COMMITTEE REPORT

February 11, 1989

MR. PRESIDENT:

We, your committee on Labor and Employment Relations, having had under consideration SB 285 (first reading copy -- white), respectfully report that SB 285 be amended and as so amended do pass:

1. Title, line 8.

Following: "NOTES;"

Insert: "AND"

2. Title, lines 8 through 9.

Following: "MCA" on line 8

Strike: remainder of line 8 through "DATE" on line 9

3. Page 2, line 10.

Following: "1"

Insert: ", other than a corporation issuing bonds or notes pursuant to subsection (3)(b),"

4. Page 4, lines 23 through 24.

Strike: section 3 in its entirety

AND AS AMENDED DO PASS

Signed: 
Gary C. Aklestad, Chairman

Handwritten:
4/10/89
2/13/89
10:34
G.C.

STATUS SHEET

51st LEGISLATIVE SESSION

HOUSE LABOR AND EMPLOYMENT RELATIONS COMMITTEE

Senate

BILL NUMBER	ENTERED COM. DATE	DATE CON- SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON- CURRED IN DATE	BE NOT CON- CURRED IN DATE	BE CON- CURRED IN AMENDED DATE	BE NOT CONCURRED IN AS AMENDED DATE
SB 49	2/21	2/28/89						2/28/89			
" 127	"	✓ 3/2	tabled 3/2								
" 153	2/21	2/28								2/28	
" 156	"	✓ 3/7						✓ 3/7			
" 159	"	✓ "						✓ 3/7			
" 160	"	✓ "	held							✓ 3/14	
" 165	3/4	✓ 3-21-89	tabled 3-22-89								
" 186	"	✓ 3/7	tabled 3-14 ✓								
" 202	"	✓ 3/9	tabled 3/9								
" 218	"	✓ "						3/9			
" 235	2/22	✓ 3/21	Tabled on 3-22-89								
" 255	2/21	✓ 3/16	Tabled on 3/20/89								
" 276	"	✓ 3/9								3/9	
" 278	2/22	✓ "						✓ 3/9			
" 285	2/21	3/14									

se a separate sheet for Senate Bills, House Bills, and Resolutions.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR AND EMPLOYMENT RELATIONS

Call to Order: By Chairman Russell, on March 14, 1989, at 4:10 P.M.

ROLL CALL

Members Present: Fifteen

Members Excused: None

Members Absent: Rep. Bill Glaser

Staff Present: Eddy McClure, Staff Attorney

Announcements/Discussion:

CHAIRMAN RUSSELL: You need to know that we will be having an evening meeting on March 21 to finish up all the bills that we have.

HEARING ON SB 285

Presentation and Opening Statement by Sponsor:

SEN. HALLIGAN: This bill comes before you as the result of the Montana Association of Counties resolution. They already have authority under existing law to form bond pools for their self-insurance fund for property and casualty. The MACo board of trustees administers that pool fund. What this bill attempts to do is deal with the extra costs that they incur from having to buy reinsurance from Lloyds of London, or anybody else who is providing. Also, the bill allows for bonding authority to have their own reinsurance. This is a simple explanation of the bill.

Testifying Proponents and Who They Represent:

DAVE FULLER, Chairman of the Lewis and Clark County Commission.

GORDON MORRIS, Executive Director of the Montana Association of Counties.

MICHAEL SHERWOOD, Montana Trial Lawyers Association.

STAN KALEZYC, Legal Counsel to the Montana Municipal Insurance Authority, which is the self-insured pool for the League of Cities and Towns in Montana.

JIM MURRY, Executive Secretary of the Montana State AFL-CIO.

BILL PALMER, Interim Administrator of the Division of Workers' Compensation.

Proponent Testimony:

DAVE FULLER, proponent. I appear before you today as a member of the executive board of MACo. Our executive board serves as trustee for our joint powers council for our insurance pool. Sen. Halligan essentially has given the basics. Our purpose here is to do under workers' comp what we did in the 1986 special session for property casualty. Bonding should result in reducing premiums, or at least stabilizing workers' comp premiums. That is of interest to taxpayers and counties and I need to assure you that this particular bill has nothing to do with the state fund or the unfunded liability of the workers' comp state fund.

GORDON MORRIS, proponent. The trustees of the association are in the process now of considering a bond approach as an alternative to reinsurance for our workers' compensation fund. We have retained a bond counsel, Dorsey & Whitney of Minneapolis and Missoula. The recommendation of bond counsel, Mae Nan Ellingson, is that we lack the specific bonding authority. Consequently, the bill you have before you, SB 285, is specifically at the suggestion of the retained bond counsel for the association. I would be glad to answer any questions. We request your favorable consideration of SB 285.

MICHAEL SHERWOOD, proponent. We support this bill.

STAN KALEZYC, proponent. We support this bill for the liability program of the Montana Municipal Insurance Authority. We utilize the liability bonding mechanism in state law. It has worked extremely well in presenting a fiscally sound program, and we would like to be able to consider that in the future for the workers' compensation program. We will have paid over \$1 million within the near future in excess insurance premiums which are required under state law. Those premiums are exported out of Montana, and we have never touched the excess insurance policies. We would like to have the option of bonding because most of the bonds we have found are bought in state, and benefit in-state residents, and retain a sound program.

JIM MURRY, proponent. We go on record in support of SB 285.

BILL PALMER, proponent. As the regulator in workers' compensation we met with representatives of MACo, and reviewed the provisions of this bill with them prior to introduction. We concur with its provisions.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members:

None.

Closing by Sponsor:

SEN. HALLIGAN: One of the things that Gordon Morris and I were going to talk about is an effective date. The effective date was stricken in the Senate because they are working on a bonding program that would probably take effect July 1, 1989. We would like to have passage and approval for immediate effective date on the bill if we could. That is the only thing I say in closing.

- - - - -

DISPOSAL OF SB 285

Motion:

SMITH: I move a DO PASS and an immediate effective date.

Discussion:

SIMPKINS: Would there be any reason why we couldn't make that July 1, 1989, because that is the beginning of your fiscal year?

McCLURE: If you don't put anything on the bill, it is October. If you want it to be July 1, we do them up on passage and approval. That is up to Sen. Halligan on when that would be. I checked with Gregg Pettish just a few minutes before this meeting and he said that putting an immediate effective date causes costs in the code or something like this. It causes us no problems as far as costs in the code. The only thing is that some people may not have noticed since it is exactly on passage and approval. The legislative council does not have a policy preventing passage and approval effective dates.

RUSSELL: Eddy, do we need that as an amendment to this?

McCLURE: Yes.

Motion: Smith moved to PASS on the immediate effective date.

Discussion: None.

Vote: Unanimous vote DO PASS on the immediate effective date of the bill.

Motion: Smith moved the bill as amended.

Vote: Unanimous vote DO CONCUR IN SB 285, as amended.

Rep. Smith will carry this bill on the House floor.

- - - - -

HEARING ON SB 315

Presentation and Opening Statement by Sponsor:

SEN. RAPP-SVRCEK: SB 315 may be familiar to you. You may recall that SB 315 was the major workers' comp bill of last session. It is my hope that this session's version will meet a similar fate and be passed by the legislature. SB 315 sets up a program of deductibility, or what is commonly called co-insurance in the state workers' comp fund. I want to go through the bill briefly.

The first portion of significance starts at the bottom of page 1 and goes through page 2. This is the area in which we set up the levels of deductibility. As it was introduced in the House, we had one level of \$500. Testimony indicated that there are some employers who are capable of handling more deductibility than that so we have made it in \$500 increments between \$500 and \$2,500. It will be up to the insurer and the employer to negotiate whatever level both are comfortable with.

On page 2, this is how we would set up the deductibility. As the bill was originally introduced, we had two options: (1) to allow the employer to pay the deductible outright (2) to have the insurer pay the deductible and then bill the employer back for that. In the Senate we struck the employer paying directly and there are a couple of problems with that. First of all, verification of the nature of the injury and whether it is a coverable injury is difficult. Secondly, verification of acceptable and coverable treatment is often difficult. There is also a question of whether payment directly creates a liability for the insurer to pay future costs. The committee in the Senate likes the idea of an employer paying the provider directly. Since this is a new idea, they weren't comfortable with jumping in with both feet. They would rather be cautious, so we opted to set the system in place and let the division work with it. Perhaps two or four years down the line we can look at direct payments from the employer to the provider.

Pages 3 and 4 indicate that money paid out under various sections of the law up to the deductible amount does not go

DAILY ROLL CALL

LABOR AND EMPLOYMENT RELATIONS COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 3-14-89

NAME	PRESENT	ABSENT	EXCUSED
Rep. Angela Russell, Chairman	✓		
Rep. Lloyd "Mac" McCormick, VC	✓		
Rep. Vicki Cocchiarella	✓		
Rep. Duane Compton	✓		
Rep. Jerry Driscoll	✓		
Rep. Bob Paylovich	✓		
Rep. Bill Glaser		✓	
Rep. Tom Kilpatrick	✓		
Rep. Thomas Lee	✓		
Rep. Mark O'Keefe	✓		
Rep. Jim Rice	✓		
Rep. Richard Simpkins	✓		
Rep. Clyde Smith	✓		
Rep. Carolyn Squires	✓		
Rep. Fred Thomas	✓		
Rep. Timothy Whalen	✓		

VISITORS' REGISTER

House Labor

COMMITTEE

BILL NO. 513 285

DATE 3-14-89

SPONSOR Walligan

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 15, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Labor and Employment Relations report that SENATE BILL 285 (third reading copy -- blue) be concurred in as amended .

Signed: _____
Angela Russell, Chairman

[REP. SMITH WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 8.
Following: "NOTES;"
Strike: "AND"

2. Title, line 9.
Following: "DATE"
Insert: ";AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 4.
Following: line 25
Insert: "NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval."